

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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SUBJECT	Second Quarter 1955 Planned and Actual Cost of the Reichsbahn	DATE DISTR.	9 December 1955 25X1
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a. Administrative Costs of the Reichsbahn Directorates. There are eight directorates (RED), located in Berlin, Greifswald, Schwerin, Magdeburg, Halle, Erfurt, Dresden, Cottbus. Administrative costs include actual administrative overhead expenditures per se and also other costs, of which the following are examples but are not all-inclusive: printing of tickets, letterheads, operational forms, waybills, invoices; traffic controls, which include the supervision of accounting for income and the setting of rates and social institutes.

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c. Losses Incurred by Storage Depots of the Eight REDs. Each RED has a principal storage depot (Direktionshauptlager-DHL). These depots procure operational supplies and equipment needed for the maintenance of traffic on the open stretches (freie Strecken) of the railroad. Typical examples are cleaning equipment, protective clothing, light bulbs, fish plates, bolts, track spikes, etc. The loss is incurred when a DHL buys equipment in large amounts and gives such materials to subordinate offices at purchase price. Instead of adding administrative costs to the price charged the subordinate offices, these costs are accounted for as losses. If these costs were added to the price charged to subordinate offices, the latter would not procure them from the main storage depot as they then would be higher than the price which subordinate offices would pay for them if they bought them directly from the manufacturer or wholesaler.

d. Costs of the Reichsbahn Offices (Reichsbahnämter -RBA). These offices are subordinate command stations of the individual REDs and are responsible for the actual work performed in their respective areas. The costs here are those of moving trains. They do not include the cost of operating locomotives, their maintenance, or the maintenance of other rolling

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stock. 83% of the actual costs here are applied to wages of brakemen, switchmen, train personnel other than locomotive engineers and firemen, and railroad station personnel. The remainder goes for the purchase of operating equipment such as coal, oil for signal lamps, brakemen's equipment, and the like. It also includes general costs, such as taxes, training expenses, and social institutions such as canteens, shop kitchens, and club rooms.

e. Costs for Locomotive Service (Maschinendienst).

Each RED has railroad operations plants (Bahnbetriebswerke-BW). These plants supervise and maintain the locomotive stock of the individual REDs. Their costs include wages for locomotive engineers and firemen, and for the personnel for locomotive service and repair stations. They further include the cost for locomotive coal and other operating supplies and equipment for the maintenance and operation of locomotives.

f. Costs for Car Operation (Wagenwirtschaft).

Each RED has a number of car operation plants (Bahnbetriebswagenwerke-BWW). These plants perform the same services on rolling stock other than locomotives and include costs similar to those enumerated in subparagraph (e) above, except that there are no wages for train personnel. Conductors and brakemen's wages are charged under subparagraph (d).

g. Costs for Maintenance of Right of Way (HV Anlagen).

The costs included here are for the current maintenance of the right of way, including railroad station buildings and the buildings housing switching and control towers. These costs do not include capital investments for extending or improving present trackage, such as double-tracking or electrification activities.

h. Costs for Safety Installations and Telecommunications Technology (Sicherungs- und Fernmeldetechnik).

The costs here include the maintenance of all signaling equipment and the equipment within switching and control towers.

i. Costs of Repair Depots (Reichsbahn Ausbesserungswerke RAW).

These depots perform major repair work in which either locomotives or other rolling stock must be partially or totally disassembled in order to carry out the repairs. Minor repairs in which the rolling stock is not disassembled is performed by installations under subparagraphs (e) and (f) above.

j. Costs of Research Institutes (Versuchsstellen).

These offices are responsible for the testing and examination of new material and for the introduction of new techniques, rolling stock, locomotives and tools.

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n. Depreciation (Abschreibungen).

Every item of property owned by the railroad has an annual depreciation percentage which must be paid in cash to the German Investment Bank (Deutsche Investitionsbank-DIB). This cash represents a repayment to the State for investments made by the Government for the maintenance and improvement of railroad service. These funds are used to finance new investments and large-scale repairs. These investment funds are not under the control of the railroad but are authorized for specific use by the State Planning Commission and are then paid by the DIB to the railroad. There is no necessary relationship between the depreciation payments by the railroad and the future authorized investments. These depreciation payments average about 60 million DM per year. During the first three

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quarters of each year between 30 and 35,000 DME are paid to the DIB, and the balance is paid at the end of the last quarter of the year. As capital investments (the equipment owned by the railroad) increase, depreciation payments also increase proportionately. An example of this transaction would be the following: If a given locomotive were to cost 100,000 DME and if the listed annual depreciation percentage were 4%, then the railroad would be obliged to pay 4,000 DME annually for 25 years to the DIB, the theory being that at the end of the 25 years the railroad will have repaid the purchase price of this locomotive and then would be entitled to request investment funds for another locomotive to replace the older one.

2. [redacted] the funds listed [redacted] 25X1
are for current operation of the East German railroads. Purchases of new equipment such as locomotives, cars, tracks, electrification, etc., are financed by specific authorized investments. These do not appear in the above tabulation as they do not come under the category of current operating costs. 25X1

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